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Current Status of the Soviet Grain Crop

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**Current Status of the
Soviet Grain Crop**

An early spring has enhanced the prospects for the grain harvest in the Soviet Union this year.

A massive sowing campaign now under way probably will result in a total grain area of more than 125 million hectares -- some 4 million hectares larger than the average for the last few years. Last fall's sowing plan for winter grains was underfulfilled, but the USSR plans to seed a record area to spring grains. So far the enormous amount of fieldwork required in this effort has gone smoothly, helped by the fact that the season is 2-3 weeks early.

On the basis of the known winter grain sowings and the somewhat below-average growing conditions to date, winter grain production is projected at about 45 million gross metric tons (37 million tons of usable grain), some 25% above last year, but less than in the 1970 and 1971 bumper years. It is too early to estimate spring grain yields; with normal weather and with a continuation of the long-term

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upward trend in yields, the spring grain harvest would be about 145 million tons (117 million tons of usable grain). Therefore, under these assumptions the total 1973 harvest would be a record -- roughly 190 million gross tons, or about 154 million tons of usable grain. At this time of year, however, such a forecast is still subject to a high degree of uncertainty.

Even if this early projection of a crop of 154 million tons proves to be accurate, the USSR would need to import large amounts of grain to meet domestic and export requirements in fiscal year 1974. Because the strategy in response to a shortfall in fall-sown breadgrains is to expand the area sown to feedgrains (barley and oats) instead of spring wheat, a large proportion of these imports may consist of relatively high-cost wheat. So far this year the USSR has contracted for 3 million tons of grain, much of which is scheduled for delivery by this fall. Large additional purchases -- in the range of 12½ million to 17½ million tons -- are likely for later delivery.

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CONFIDENTIALDiscussionIntroduction

1. The USSR is now in the midst of a spring sowing campaign of unprecedented dimensions. To support the Brezhnev livestock program, the leadership hopes to plant enough grain to offset the disappointing prospects for the fall-sown grains. Because of its potential impact on US grain exports and world prices for grain in the coming year, the development of the Soviet grain crop is of major concern. This publication, which is based on data available as of mid-May, discusses the current status of the Soviet grain crop, the outlook for production, and possible Soviet imports of grain.

Progress of Winter Grains

2. The ground was dry in much of the USSR's winter grain belt last fall, so only about 28 million hectares of winter wheat, rye, and barley were seeded -- 20% below the average for the previous 5 years.¹ Evidence available thus far indicates that, despite scanty snow cover and a January cold wave, these fall-sown grains survived with no

1. Winter grains normally account for less than one-fourth of total harvested grain acreage but about one-third of total grain production. Spring grains account for the remainder.

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more than the normal amount of winterkill -- about 10% of the sown area. To help offset the shortfall in the fall sowing as well as the winterkill that did occur, farms have been ordered to use less of the winter grain area for green forage for feeding livestock in the spring. Instead of the usual 4 million hectares, only about 2 million hectares may be used for forage this year. Nevertheless, the area of fall sowings to be harvested as grain is probably somewhat less than the 23½ million hectares that survived the very heavy winterkill last year and far less than the average of 31 million hectares that was harvested in 1966-70.

3. Winter grains depend heavily on the soil moisture that has accumulated over the winter. In this respect, 1973 is somewhat below average. Although cumulative precipitation from last October through April of this year was about 13% greater than in 1972, it was below the average for 1964-70 and 16% less than the accumulated precipitation that helped grain production in the banner years of 1970 and 1971. Actual cumulative precipitation for October-April periods is shown in the following tabulation²:

2. Precipitation in the winter grain districts weighted by the importance of these districts in total production of winter grains.

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<u>Millimeters</u>			
<u>Average 1964-70</u>	<u>Average 1970-71</u>	<u>1971/72</u>	<u>1972/73</u>
295	340	252	284

4. On the basis of the cumulative precipitation in the winter grains districts -- and allowing for the upward trend in winter grain yields -- the gross winter grain harvest would be about 45 million tons, or 37 million tons of usable grain. A crop of this magnitude would be a decided improvement over the 1972 crop of usable grain (30 million tons) but substantially less than the average crop of usable grain in the bumper years of 1970 and 1971 (49 million tons). Nevertheless, this estimate is still very preliminary, in that growing conditions in late May and early June could still have a considerable effect on yields. Harvesting itself will probably begin in volume during the last 10 days of June.

Spring Grains -- the Key to the 1973 Crop

5. The Soviet Union's grain production this year will largely depend on the size of the spring grain crop, the more so because the winter grain crop is again likely to be below normal. The USSR hopes to plant a record 104½ million hectares to spring grains. The campaign is substantially more

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ambitious than last year's, especially in the RSFSR, as shown in the following tabulation of area sown to spring grains.

	<u>Million Hectares</u>		
	<u>Average 1970-71₁ Actual</u>	<u>1972 Actual</u>	<u>1973 Plan</u>
USSR	88	99	104½
Of which:			
RSFSR	54	61	68½
Kazakhstan	21	22	23
Ukraine	8	11	7

1. Harvested area.

6. As in 1972, the USSR's strategy in response to a shortfall in winter grains is to accept a reduction in the area planted to breadgrains (wheat and rye) to about 68 million hectares (the same as last year) -- compared with the average of 78 million hectares in 1966-71. Instead, the feedgrains (barley, oats, and corn), which promise higher yields, will be counted on to provide the necessary support for the Brezhnev livestock program. Although under normal weather conditions this policy should provide more feed units, the planners risk falling short of domestic requirements for breadgrains, which cost more to import.³

3. On 18 May the December futures market for US milling quality wheat (No. 2 Hard Red Winter) was \$2.58½ per bushel; for corn (No. 2 Yellow), \$1.71½ to \$1.71½ per bushel.

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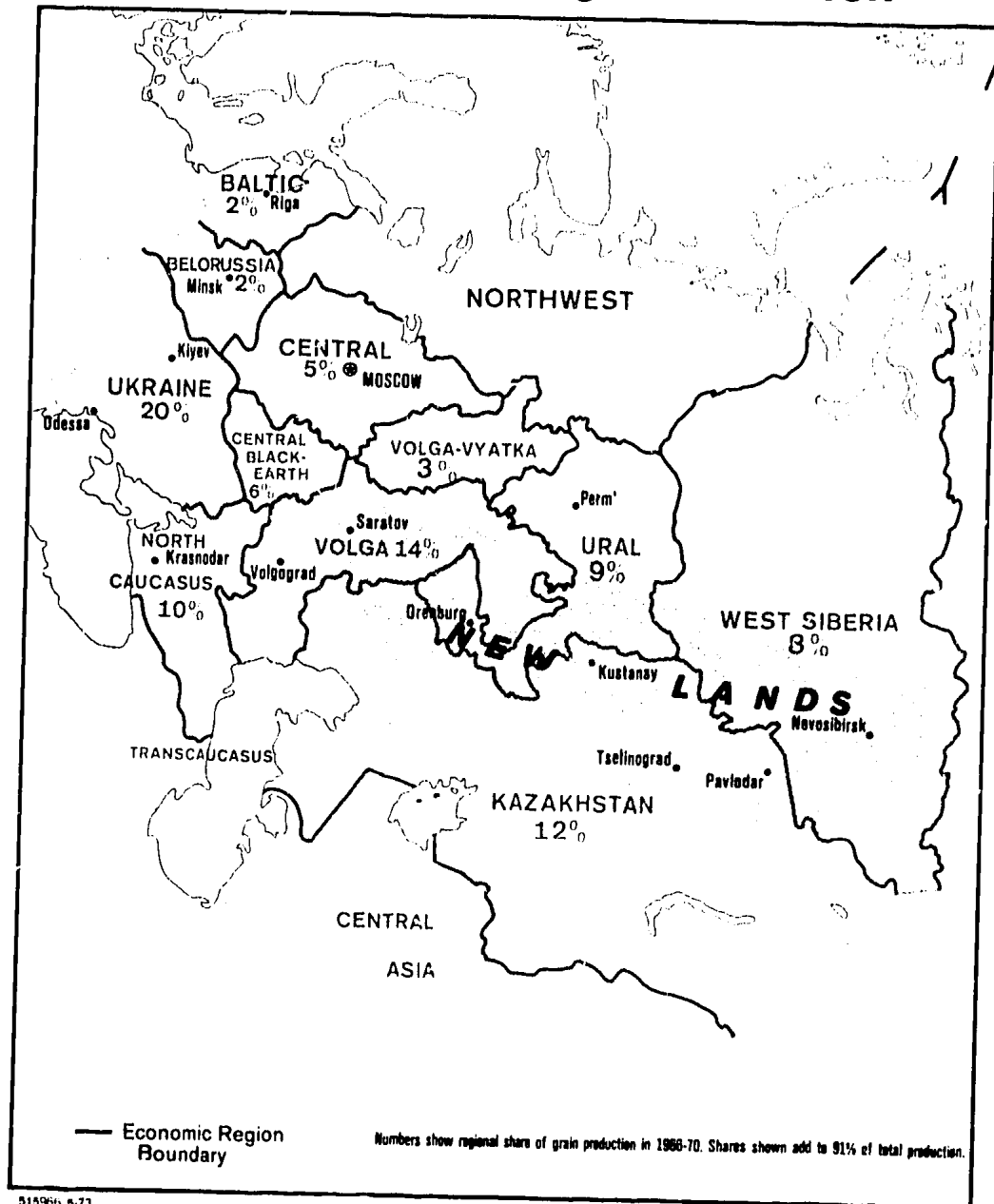
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7. Soviet leaders know that good weather and efficient organization are needed to fulfill the spring sowing plan. Thus far the USSR has had favorable weather conditions, and the farm bureaucracy seems to have corrected some of the mistakes made in last spring's frantic campaign. An early spring permitted field preparation to be completed without undue strain, and seeding began in most areas far earlier than usual. By mid-May, about 61 million hectares had been sown to spring grains, compared with 58 million hectares a year ago and 48 million hectares in 1971.⁴ Sowing operations are well under way in the New Lands area, which accounts for a substantial share of total grain production (see the map).

8. Although they are unlikely to meet the goal of 104½ million hectares of spring grain, Soviet farmers probably will sow as much as 102 million hectares. As a result, the total grain area would be about 3 million hectares larger than in 1972

4. Soviet agronomists stress the importance of sowing spring grains in the "optimal period" in the areas of marginal rainfall. For example, an Orenburg Oblast experimental station claims that spring wheat that was planted about 9 days late gave a harvest almost one-third less than wheat sown in the most desirable period.

Major Grain Growing Regions in the USSR



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and 4 million hectares larger than the average for 1966-71 (see Table 1).

Table 1
Area Sown to Grain in the USSR

	Million Hectares		
	Average, 1966-71 ¹	Estimated 1972	Probable 1973
Total grain	121.4	122.3	125½
Winter wheat	18.7	14.7	16
Rye	11.2	8.1	6½
Spring wheat	48.0	44.8	46
Barley, oats and corn	32.9	43.1	45
Other grains	10.6	11.6	12

1. Harvested area.

9. The effort to increase the area sown to grain is likely to exact a penalty in terms of lower yields. Farms have been urged to use all available land, including roadsides, and to leave less for forage crops. Therefore, some of the area to be added is probably of marginal worth. Yields may also be affected by the problems farms have had in obtaining good-quality seed -- a result of last year's harvest conditions. The USSR hopes to overcome these factors by a larger-than-usual increase in the application of mineral fertilizers on grain. Between 1965 and 1972, the amount of mineral fertilizer used on grain increased by 2 million tons

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per year; the planned increase in 1973 is 6½ million tons.

10. Moisture conditions in the spring grain areas were generally adequate in mid-May, but there were large variations by region: much better than last year in the Ukraine, but worse than in any year since 1969 in the North Caucasus, the Urals, North Kazakhstan, and West Siberia. For the spring grains, however, it is particularly important that rainfall be up to standard from May through July.

11. The fate of the 1973 grain harvest, therefore, depends on how much grain is actually seeded by early June -- when the sowing campaign must come to an end in Siberia -- and on weather conditions in the coming months. As Soviet officials have said repeatedly, the general picture will not be apparent to even the Ministry of Agriculture until early July. Thus it is too early to project spring grain yields at other than their long-term trend values. These would give a spring grain harvest of almost 145 million gross tons (117 million tons of usable grain). The combined harvest of winter and spring grains would then be approximately 190

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million gross tons, or about 154 million tons of usable grain (see Table 2).⁵ At this stage of

Table 2
Grain Production in the USSR¹

	Million Metric Tons	
	Official Claims of Gross Pro- duction	Estimate of Net Production ²
Average 1961-65	130	106
Average 1966-69	163	131
1970	187	150
1971	181	148
1972	168	134
1973		
Plan	197	160
Preliminary forecast	190	154

1. Including pulses.

2. Estimate of usable grain. Net usable grain is estimated as the officially claimed gross output minus excess moisture, unripe and damaged kernels, weed seeds and other extraneous materials, post-harvest losses incurred in loading and unloading grain between the grain harvesting combine and storage facilities, and suspected biases in the official reporting of grain production.

development of the 1973 crop, however, the range of uncertainty around such a projection is still very wide.

5. This projection includes an allowance of 1½% for the grain area that stands in June but for one reason or another is never harvested.

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Prospects for Soviet Grain Purchases
in Fiscal Year 1974

12. Even if this early projection of a crop of 154 million tons of usable grain proves to be accurate, the USSR would need to import large amounts of grain to meet domestic and export requirements in fiscal year (FY) 1974. In an earlier publication in this series we estimated that Moscow would have to purchase 12½ million - 17½ million tons of grain in FY 1974. That estimate assumed a 1973 crop of 152½ million tons, somewhat less than the crop now projected.

13. In the past few months, however, confirmed purchases of Western grain by the USSR have amounted to 3 million tons. In addition, the USSR is rumored to have contracted for another 6 million tons.⁶ A major part of the new purchases is slated for delivery this summer and fall and, therefore, should probably be viewed as covering shortfalls in the 1972 crop. This means that Soviet imports of grain related to the 1972 crop

6. Under the voluntary agreement now being discussed by the US Department of Agriculture and the grain companies, the companies would report export sales weekly, but with a lag of about 2 weeks. Soviet purchasing agents are currently based in the United States, so large Soviet purchases could easily occur without our knowledge.

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year, previously scheduled at 27½ million tons, now total a minimum of 31 million tons (to be delivered between 1 July 1972 and 1 November 1973). With Soviet grain requirements in the 1972 crop year apparently higher than previously believed, it is possible that estimated grain requirements for 1973 should also be raised. Thus, even though grain production may be higher than projected earlier, import requirements will probably be at least as large -- that is, in the range of 12½ million to 17½ million tons.⁷ To the extent that grain production falls short of 154 million tons or the Soviets decide to replenish grain reserves (which are believed to be minimal), imports of grain would be higher.

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